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The newspaper of drug store retailing
June 10, 1991

DRUG STORE NEWS

SECOND CLASS

Vol. 13 No. 11
A Lebhar-Friedman publication

Gallup '91

Exclusive Report

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Drug stores entice cosmetics customer

The newspaper of drug store retailing June 10, 1991

DRUG STORE NEWS

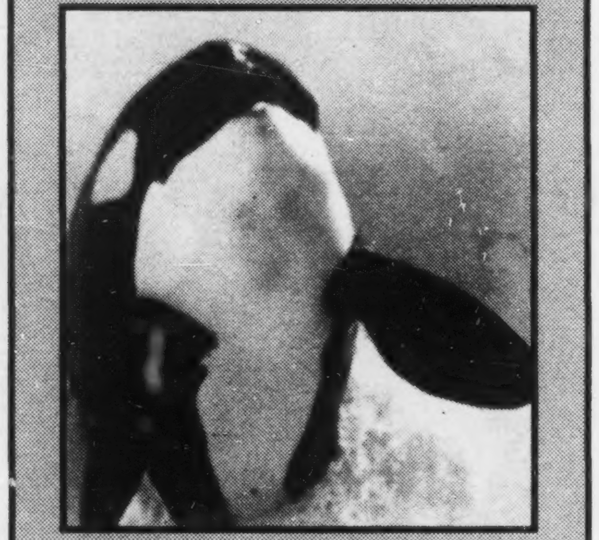
Vol. 13 No. 11 A Lebhar-Friedman publication

LATE NEWS

•GOUVERNEUR, N.Y.—Richard A. Cognetti is the new president of 33-store Kinney Drugs, succeeding John M. Burgess, who will remain on the board. Cognetti, a pharmacist, previously was senior vp-operations.

•SAN FRANCISCO — Drug Emporium signed its first lease in the Bay Area and is negotiating for several other sites, company sources confirmed.

FEATURES



Shamu hunting NACDS-goers

It's easy to make a splash in San Diego while attending Marketplace. Possibilities: Sea World and the zoo. **Page 26.**

New Rx waste systems coming

NWDA affiliate takes on the tough challenge of pharmaceutical waste processing and disposal. Page 33.

Drug Store News
Box 3116, Grand Central Station, New York, N.Y. 10164-0659

Longs makes sales top priority

By James Frederick

WALNUT CREEK, Calif. —Longs Drug Stores will continue to fight for its market share by sacrificing gross margins and short-term profitability to sustain sales and customer traffic, its leaders told shareholders at the company's annual meeting here May 21.

"Our plan is to increase and maintain Longs' market share . . . through increased price sensitivity and careful attention to promotion," said chairman and ceo Bob Long. He described current retail conditions in western states as "much more price-competitive and much more demanding" than in years past, adding that the next 12 months for Longs will see "an aggressive ad program."

Nevertheless, added new Longs president Steve Roath, "promotional sales cannot be an end in and of themselves.

"Some retail segments are more vulnerable than others, and we need to be selective of the competitors we promote against," Roath told shareholders. "Our promotional strategy should support our core business by providing a value-added reason for shopping at our stores."

See **Longs** *page 8*

> ***Our plan is to increase and maintain market share . . . through increased price sensitivity and careful attention to promotion.***
>
> **–Bob Long**

NACDS Marketplace '91: Alliances will be forged

Chain drug store buyers and merchandisers are heading to the NACDS Marketplace meeting, held in San Diego June 16-19, to discuss problems they see arising in the business.

They say the theme, Alliance for Opportunity, is a key phrase—but they want concrete evidence, not empty promises.

The 2,300 retailers and manufacturers will conduct mini-business reviews during afternoon exhibit hours. Top on their list: the growing use of representatives or telemarketing for smaller accounts.

"More manufacturers are switching from direct calls to medium-and-small-size companies and going to brokers," says May's president Gerald Heller.

Jean Anne Hamm, vp-purchasing, Town and Country Drug Stores, echoed his feelings. "We've got to keep our foot in the door and remind vendors there's more in our market than just the big combos and deep discounters."

Several chain executives griped about the levels of service from even the largest and most respected suppliers. "All we hear about is alliances and Procter & Gamble's level 3 (a

Continued on page 24

LaFerriere leaves Thrifty amid merch restructure

By David Vaczek

LOS ANGELES — A merchandise department restructure at Thrifty Drugs has sparked the surprise departure of 20-year buying veteran Bob LaFerriere.

The restructure creates three senior vps for buying, partitioning buying responsibility by merchandise classes. The structure change was launched by Eve Rich, named Thrifty Drug president in December as part of a major ongoing overhaul of Thrifty Corp. top management.

The new plan, implemented this spring, made LaFerriere one of three senior-vp buyers. He was joined by two new hires, Debbie Anderson and Shirli Sumida.

LaFerriere had been elevated as the sole senior-vp buyer for the 622-store Thrifty Drugs in August in a first wave of management changes. Parent Pacific Enterprises launched the shakeup last year with the assignment of Dan

See **LaFerriere** *page 8*

RxPlus winner in Revco, SupeRx name game

By Susan Ball

PHOENIX — Big Al . . . Cactus Drug . . . Southwest Drugs . . . Drugs R Us . . . Cover (a modified reversal of Revco's letters) . . . Thriftee . . .

Those were some of the entries in an internal contest to find a new name for RDS, the chain formed last fall when an Al Towle-led group bought 146 Revco stores in four Southwestern states and subsequently acquired 18 SupeRx stores in Arizona. Currently, the stores have Revco or SupeRx identities.

The winning entry and the chain's new name is RxPlus. New blue-and-yellow-on-white logos and signage will be rolled out market by market over the summer backed by local advertising, and a major, chainwide renaming celebration is set for September.

After months of hard work assembling a management team and setting up programs and systems, while running 160-plus stores, RxPlus's new identity is coming together.

The latest addition to its lean management cadre is Steve Hansbrough, former Dart Drug ceo, who joined RxPlus last month as senior vp of distribution-administration.

Recently, Bob Oberfield, senior vp-administration and operations; Bob Morick, senior vp-marketing; and Steve Thayer, regional manager for Arizona, talked with a visitor about main themes RxPlus will stress.

"We're a small, entrepreneurial company, out to be the

Continued on page 117

Showing the new RxPlus logo are Robert Morick, left, senior vp-marketing, and Robert Oberfield, senior vp-administration and operations. Four RDS associates suggested the winning name and drew for the first prize, a trip for two to Hawaii.

NEWS IN BRIEF

Brooks' RxWatch ads capture awards

With Ron Mancyak (right, standing), Brooks Pharmacy, are Tom Chandler and Bob Mariani (front left and right) and (left, standing) Bob Hurley, Mariani, Hurley & Chandler.

PROVIDENCE, R.I. — Newspaper ads for Brooks Pharmacy's RxWatch program garnered two awards recently.

The Retail Advertising & Marketing Association presented Mariani, Hurley & Chandler, the ad agency that produced the ads, with its Astar award as No. 1 entry in the Image/Positioning category for drug stores.

In addition, International Newspaper and Marketing Executives (INAME) named the RxWatch ad as one of the 10 best. INAME reviews more than 30,000 ads submitted by more than 1,600 newspapers in its annual competition.

RxWatch is a computerized prescription service to customers adopted by Brooks and the other two divisions of Hook-SupeRx Inc. (HSI). RxWatch checks an enrollee's new prescription against his or her personal health conditions and prescription history and alerts the pharmacist to any adverse interactions, duplications or compliance problems. Its 24-hour emergency service can provide medical personnel with a patient's confidential medical profile. The ads' headlines are: "Before it goes into your system, it goes into our system" and "Belong to a health club where the heaviest thing you lift is this card."

Wellby opens seventh N.H. store

NORTH HAMPTON, N.H. — A $1,000 donation to the Seacoast Visiting Nursing Association marked the April 7 opening of Wellby Super Drug's seventh New Hampshire store, a 9,600-square-foot unit.

Wellby, now with 40 stores, was cited by association executive director Jane Larrabee for its programs that assist seniors, such as its Golden Years discounts, and a program for the free use of wheelchairs, crutches and other hospital equipment. An April 13 sweepstakes drawing featuring a first-place color TV capped the opening events.

National Intergroup sells unit

CARROLLTON, Tex. — FoxMeyer-parent National Intergroup virtually completed its divestiture program of non-retail assets with the announced signing of a definitive pact to sell all of its shares of Permian Corp., an oil distribution subsidiary, to Ashland Oil. The sale will be for about $75 million in cash and 2.2 million shares of Ashland common stock. Ashland is also assuming about $83 million in Permian debt, and Permian will forgive $14 million of debt currently owed to it by NI.

NI has said it is exploring a spinoff of the Ben Franklin variety store business, as it focuses completely on FoxMeyer Drug Co. NI also still owns an equity stake in National Steel.

Alco Health completes buy of all Eagle Drugs' 57 stores

By Susan Ball

MINNEAPOLIS — Alco Health Services Corp. has landed Eagle Drugs, a wholesale cooperative of 57 independents operating mainly in the Minneapolis-St. Paul market.

The possibility of the deal was reported first in *Drug Store News*, April 1 issue.

Eagle, whose 1990 sales were about $35 million, will retain its name and key personnel, including its president, Bruce Foster, who will be vice president and general manager of the operation.

The acquisition of "a well-respected, profitable operation like Eagle Drugs will offer additional areas for growth and the opportunity to launch new business in the desirable upper Midwest," said R. David Yost, Alco's group president, central region. Alco said it expects to expand Eagle's involvement in independent, chain and hospital accounts.

Indeed, Minneapolis-St. Paul will become Alco's base of operations in Minnesota. Alco will renovate and more than double the size of Eagle's distribution center in suburban Eden Prairie this summer, expanding it from 35,000 square feet to over 80,000 square feet, said Mike McNamara, Alco's vp-sales and marketing, who is in Minneapolis helping with the integration process. Alco plans to close its 20,000-square-foot satellite facility in Mankato, which only handles pharmaceuticals, and consolidate in Eden Prairie, which will become Alco's Minnesota division.

The expanded Eagle DC, which currently has approximately 15,500 SKUs, will increase to 26,000 SKUs and will include a complete hospital inventory and nursing home products, as well as pharmaceuticals, HBA, a large offering of sundries and seasonals, and other drug store categories.

In addition to serving the former cooperative's 57 independents, the facility will service customers throughout Minnesota and extending into Wisconsin, North and South Dakota and Iowa, McNamara said.

The renovated facility will have gravity-feed flow racks, a new conveyor system, new cage and vaults, and other new features, he added.

Eagle independents will continue to use the Eagle advertising program and advertise as Eagle stores. In addition, they will have access to Alco's Family Pharmacy menu of 30-plus programs.

McNamara and Foster, in a joint phone interview, said the former cooperative's members are committed "to help us grow the Eagle Family Pharmacy business. They're very excited."

In addition to the advantages of a larger product selection and Alco programs, the independents will benefit from the better prices that Alco's size makes available, as well as from Alco's pharmaceutical repackaging operation, based in Louisville, Ky., McNamara said.

A measure of Eagle constituents' enthusiasm, he added, is that by mid-May, about 20 percent had already signed up for the AHSC trade show, scheduled for June 27-30 in New Orleans.

McK says customer service is No. 1

TUCSON — It was no accident that all 300 McKesson executives who attended McKesson Drug Co.'s 1991 National Management Conference here recently had vp-customer service on their nametags.

McKesson Drug is giving customer service No. 1 priority, its leaders told the group. McKesson Drug's new president, Tom Simone, in his first speech to drug company executives, called customer satisfaction "the real bottom line." To underscore that, McKesson is creating a new position, vp-quality service, reporting to Simone, as well as a new President's Award to recognize outstanding service.

Photo coverage of McKesson Management Conference, page 115.

Simone listed four other major objectives and outlined strategic steps to carry them out. They include:

- Making employees "our key competitive advantage" by focusing on employee communications and involvement and improving performance measurement and compensation systems.
- Being No. 1 in sales and profits with each customer segment and in each of McKesson's geographic markets. Toward that goal, the company plans to develop and roll out a new chain offering. It also targets increasing its sales to the hospital segment to 25 percent of total business by FY1996, from the current 19 percent level. In addition, the wholesaler is actively recruiting for two new positions: vp-chain marketing and vp-hospital marketing.
- Achieving the lowest "dead-net delivered" cost in the industry—the best "buying" profit margin and the lowest operating expense ratios.
- Trying to "work smarter and do things better than our competitors" through continued emphasis on innovation and applying new methods to the distribution network to provide better service at lower cost.

In an organizational change, Simone announced that Fred Toney, senior vp-merchandising and inventory services, would report directly to him.

Also speaking at the conference were Joe Polastri, former president of McKesson Drug who now heads McKesson's new Distribution Group; Hank Wilde, new executive vp-operations; Doug Thompson, senior vp-distribution services; Derek Hall, vp-sales; Doug Nelson, executive vp-marketing; Toney; Dave Friesen, president and chief operating officer of Medis, McKesson's Canadian division; Rex Malson, president and chief operating officer of McKesson Corp.; and Alan Seelenfruend, corporation chairman and ceo.

McKesson's theme for both the conference and for the fiscal year—Building Tomorrow Together—is the same as NWDA's, and this emphasis on partnership with suppliers and customers pervaded the five-day meeting. Underlining this commitment, McKesson has established the new position of director of supplier partnering, which will be filled soon, an executive said.

Doug Thompson announced

See **McKesson** *page 8*

Correction

In the May 6, 1991 issue, *Drug Store News* mistakenly transposed figures in a chart detailing Rite Aid's five-year sales trends. A corrected table follows:

Rite Aid sales

(in billions of dollars)

1991	$3.4
1990	3.2
1989	2.9
1988	2.5
1987	1.8

FY ended 3/2/91.
Source: Company reports.

For the record, earnings during these periods follow:

Rite Aid earnings

(in millions of dollars)

1991	$107.3
1990	102.1
1989	95.2
1988	144.6
1987	78.0

FY ended 3/2/91.
Source: Company reports.

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Eckerd shows muscle, even in its heart

IN THE MARKET
BRUCE BUCKLEY

It was the spring of 1986. For the Jack Eckerd Corporation, an era was ending, a new one about to begin. I remember attending Eckerd's last annual meeting as a public company in April. I recall it as a time of nostalgia and hope. Long-time shareholders came to share remembrances with Jack Eckerd and others who had built the chain into one of the most dynamic in the nation.

Now five years later it is plain that the mixture of hope and optimism shown by the new management team at that meeting was well justified. The financial package they crafted so carefully has stood up to the rigorous tests imposed by the marketplace. In a time when the letters LBO have come to be associated with the financial excesses of the '80s, Eckerd's leveraged buyout serves as a model for what might have been done by others, had they not reached out for quick and risky solutions.

Consider that the company and its LBO partner, Merrill Lynch Capital Partners, were able to take advantage last year of Revco's misfortunes by laying out $80 million for 223 of the stores put on the block by the Ohio-based drug chain. The deal added sales. It built muscle in key Sunbelt markets. And it had the mark of a confident and aggressive player able and willing to dig deep for future returns.

Eckerd's remodeling program carries the same mark of confidence. By now the story of the chain's substantial and continuing investment in creating a "customer-friendly" atmosphere in its stores is well known. Since 1986 some 1,200 stores have been remodeled: Uncluttered, fresh, appealing, easy to shop are the words that come to mind in describing the changes that have taken place in Eckerd's second most important asset.

The first, of course, is people. That's where the company has had its greatest success. It has managed to instill a feeling of ownership pride among its associates, from headquarters, to distribution centers to its more than 1,700 stores in 14 states. Part of the reason is financial: stock ownership plans for key employees and profit-sharing for everyone. But financial packages can only go so far. The intangible benefit of working for a company that values enterprise, creativity and hard work is much more important in the long run. And that, it seems to me, is where Eckerd excels.

Not long ago Eckerd announced that it would make sure that the 52 National Guard members and Reservists called up in the Persian Gulf crisis would not suffer financially as a result of their sacrifice. The company said it would make up the difference between their military salaries and the amounts they earn as civilians. "We adopted this policy simply because we thought it was the right thing to do," Stew Turley wrote in the company's recently issued annual report.

Exactly. It was the right thing to do. It also sent out a message of caring to all of the thousands of Eckerd associates and millions of Eckerd customers from Texas to Florida to New Jersey. Talk about the intangible rewards of people investment!

Is it clear that I'm a fan of this kind of enterprise? It would be hard not to be.

Shoppers need comfort in order to spend

THE HUMAN SIDE
AL HELLER

Retailers seem so preoccupied today with technology, inventory management and lean operations, they mustn't lose sight of the backbone of their business: the customers.

The need to tailor store design to lifestyle concerns and a grayer shopping base is crucial. With so many retail alternatives open to consumers, often the most comfortable store gets the business.

"It's not a matter of, say, Revco vs. Eckerd. It is everyone competing for discretionary dollars. No one is serving new markets. We are overstored," said Paco Underhill, managing director of Envirosell, a design firm with extensive credits in the department store, specialty chain, banking and packaged goods areas. The company makes unusual time-lapse film studies of shopper flow around and within stores.

"Amenability and profitability are inextricably linked," Underhill declared during a recent presentation at the law offices of Gibney Anthony & Flaherty in New York City. "Shopping is a social process. Most decisions are discretionary."

Underhill, whose firm was involved in the recent development of Revco's prototype, offered some insights on store design:

- Account for "rear-brush factor," people's unwillingness to examine products on a busy or narrow aisle because others who walk by will likely rub against them. Women are more sensitive to this, he says, explaining why the romance novel section generally has more room than other classifications in bookstores.

Indeed, in one of his studies, a rack of new men's ties in Bloomingdale's rated far greater attention when moved five foot over from a main traffic aisle to a less-busy department aisle.

The drug store application: display new cosmetics items slightly away from a main traffic spot, on a curved showcase perhaps, where a woman can handle the product comfortably.

"So many store planners are men," says Underhill. "They don't appreciate that with a suburban audience, if a stroller can't get to it, near it or by it, a significant part of the shopping audience will never visit that part of the aisle.

"Shoppers can't negotiate *and* shop at the same time," he added.

- In drug stores, shoppers are more prone to impulse buys after they take care of their primary purchase, such as filling a script. Promotional ends and floorstands may have more impact if set to attract traffic moving from the back-of-store to the front.
- Less than five percent of drug store shoppers pick up a carry basket or wagon. Since there is a direct correlation between transaction size and carry- aids, stack these baskets around the store near impulse items.
- Drug stores need to understand the age of their shoppers: for seniors, comfortable seats help determine where scripts are filled and money spent; for younger crowds, keep a visual axis between pharmacy and baby care.
- Given the absolute predictability of who shops when in a mall, shift merchandise by the entrance appropriately to draw traffic. Since 60 percent of people approach from the right side, cant the goods for maximum visual impact. That is, after all, the shoppers' first impression of a store.

"How stores work in Lafayette, La., and Grand Forks, N. Dak., are distinctly different," said Underhill. "I appreciate some cookie cutter approach, but chains succeed by letting local management take responsibility for stores and accept the consequences of increases and decreases."

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SDM sees 'modest' gain for first quarter earnings

MONTREAL — Given Canada's depressed retail environment, Shoppers Drug Mart "did very well" in turning in a "modest" increase in first-quarter operating earnings, $16.9 million (Canadian) versus $16.8 million in the prior-year period, said Purdy Crawford, chairman and ceo of Imasco Ltd., Shoppers' parent company.

"After adjusting for the pricing changes caused by the removal of Federal Sales Tax and implementation of the GST [Federal Goods and Services Tax]," Crawford continued, "comparable-store sales increased by 7 percent."

Shoppers' revenues for the quarter were $34.7 million (Canadian), up 5 percent over the $33.1 million reported in the comparable period last year.

Imasco's overall earnings dropped 22 percent in the quarter, ended March 31, to $51.9 million Canadian from $66.6 million. The prior year includes a $1.4 million after-tax contribution to earnings from Peoples Drug Stores, which was sold to CVS in September 1990.

Imasco's first-quarter systemwide sales of consumer products and services in its tobacco, financial services, resturant, drug store and retail businesses in Canada and the United States rose 1 percent, to $3.5 billion (Canadian).

Revenues for the three months also increased 1 percent, to $1.1 billion.

Operating earnings for the first quarter were $123.3 million, compared with $134.9 million, a 9 percent decrease.

Bergen Brunswig given $100M OK for buying Class A common stock

ORANGE, Calif. — Bergen Brunswig said its Board of Directors authorized the company to spend up to $100 million to buy shares of its Class A common stock from time to time in open market transactions as market conditions warrant and as permitted by the rules of the Securities and Exchange Commission and the American Stock Exchange.

There are currently 34.3 million shares of common stock outstanding.

The wholesaler's president and ceo, Robert E. Martini, said the recent drop in the price of Bergen Brunswig's stock presents an opportunity for the company to purchase shares at a price that would add to earnings per share and would improve the rate of return on shareowners' equity.

Previously, in response to inquiries from the American Stock Exchange about pressure on the company's stock, Martini noted that The Raymond James Co., one of the brokers following Bergen Brunswig, issued a report April 22 downgrading its recommendation on the company's stock from "buy" to "hold."

He added that Bergen Brunswig Drug Co. sales during the first six weeks of the current fiscal quarter were below plan but about 10 percent ahead of sales for the comparable period last year.

Med-Shoppe posts 2nd qtr./half gains

ST. LOUIS — Medicine Shoppe International posted a 20 percent increase in net earnings for the second quarter ended March 31, to $2.5 million from $2.1 million in the comparable prior-year period.

For the six months, net earnings increased 21 percent, to $4.96 million, compared with $4.1 million.

Corporate revenues were up 8 percent, to $8.8 million from $8.2 million. Year-to-date revenues also increased 8 percent, to $17. 7 million from $16.4 million in the comparable prior-year period.

The principal component of corporate revenues, franchise fee income, rose 18 percent for both the quarter and the half.

Retail sales of the Medicine Shoppe system also increased 18 percent, to $150.7 million in the second quarter and $296.7 million for the six months.

Comparable-store sales gained more than 14 percent for the six months.

MARKET DIARY:

Largest Dollar Gainer	Bristol-Myers Squibb	$ 4.50
Largest Dollar Loser	Smith's Food & Drug	$− 3.13
Largest Percentage Gainer	Zenith Labs	15.79%
Largest Percentage Loser	Bolar Pharmaceutical	−15.63%

Advances	28
Declines	28
Unchanged	2
New highs	17
New lows	1

	Close 5/7/91	Close 5/24/91	Net Change	Percent Change
Drug Store News Index	4111.56	4151.28	39.72	0.97
Dow Jones Industrial Average	2917.49	2913.91	− 3.58	−0.12
Standard & Poor's 500-Stock Index	377.32	377.49	0.17	0.05
N.Y.S.E. Composite	206.65	206.66	0.01	0.00
Value Line Index	239.79	238.08	− 1.71	−0.71

Source: Nordby International Inc., Boulder, Colo.

DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 5/7/91	Closing Price 5/24/91	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Accuhealth Inc.	ACCU	6.75	6.63	−0.13	− 1.85	25	0.00	0.00	7.56	4.50
OTC	Arbor Drugs (s) (H)	ARBR	16.17	18.50	2.33	14.43	22	0.12	0.65	19.88	8.88
OTC	Big B (H)	BIGB	12.75	14.13	1.38	10.78	− 74	0.00	0.00	14.13	4.75
OTC	Drug Emporium	DEMP	7.75	8.63	0.88	11.29	17	0.12	1.39	11.00	6.63
NYS	Fay's Inc.	FAY	14.13	13.88	−0.25	− 1.77	17	0.20	1.44	15.75	7.25
ASE	Genovese Drug (H)	GDX.A	11.13	11.38	0.25	2.25	14	0.24	2.11	11.63	5.50
NYS	Longs Drug Stores	LDG	42.75	42.38	−0.38	− 0.88	15	1.08	2.55	43.63	30.88
OTC	Medicine Shoppe	MSII	24.13	24.00	−0.13	− 0.52	20	0.24	1.00	28.75	15.50
NYS	Perry Drug	PDS	6.13	6.63	0.50	8.16	− 66	0.00	0.00	9.88	3.75
NYS	Rite Aid Corp.	RAD	42.50	43.00	0.50	1.18	17	1.00	2.33	47.75	29.50
NYS	Walgreen Co.	WAG	32.38	31.75	−0.63	− 1.93	21	0.44	1.39	35.88	21.13
Wholesaler's transactions											
ASE	Bergen Brunswig	BBC	27.00	26.88	−0.13	− 0.46	14	0.40	1.49	32.75	21.38
OTC	Bindley Western Ind. (H)	BIND	17.75	17.25	−0.50	− 2.82	16	0.04	0.23	18.13	8.63
OTC	Cardinal Distribution	CDIC	36.00	38.25	2.25	6.25	29	0.08	0.21	39.75	18.50
OTC	Durr-Fillauer (H)	DUFM	33.00	31.50	−1.50	− 4.55	23	0.28	0.89	34.75	16.00
ASE	Ketchum	KCH	2.13	2.25	0.13	5.88	− 5	0.00	0.00	2.75	1.25
NYS	McKesson Corp. (H)	MCK	34.63	34.25	−0.38	− 1.08	14	1.60	4.67	37.13	26.88
ASE	Moore Medical	MMD	7.63	6.63	−1.00	−13.11	29	0.00	0.00	9.25	3.50
NYS	Owens & Minor	OMI	20.00	19.63	−0.38	− 1.88	18	0.28	1.43	21.88	10.88
Manufacturer's transactions											
NYS	Abbott Labs	ABT	50.88	51.88	1.00	1.97	23	1.00	1.93	54.00	34.50
NYS	American Home Products	AHP	59.25	60.75	1.50	2.53	15	2.28	3.75	63.88	43.00
ASE	Barr Laboratories	BRL	18.25	17.00	−1.25	− 6.85	36	0.00	0.00	19.88	5.38
NYS	Baxter International	BAX	34.50	35.50	1.00	2.90	20	0.72	2.03	37.13	21.50
OTC	Block Drugs Co. (H)	BLOCA	53.25	57.25	4.00	7.51	20	0.80	1.40	57.50	29.63
ASE	Bolar Pharmaceutical	BLR	4.00	3.38	−0.63	−15.63	− 2	0.00	0.00	7.88	1.88
NYS	Bristol-Myers Squibb (H)	BMY	78.50	83.00	4.50	5.73	24	2.40	2.89	84.88	55.38
NYS	Carter-Wallace (H)	CAR	61.50	61.75	0.25	0.41	18	0.92	1.49	68.00	44.88
ASE	Columbia Labs	COB	9.00	8.63	−0.38	− 4.17	− 6	0.00	0.00	11.38	3.63
ASE	Forest Labs	FRX	35.38	39.25	3.88	10.95	43	0.00	0.00	42.13	19.00
ASE	Halsey Drug (H)	HDG	5.50	5.44	−0.06	− 1.13	29	0.00	0.00	5.94	2.13
NYS	ICN Pharmaceutical	ICN	5.50	5.38	−0.13	− 2.27	− 3	0.00	0.00	6.13	2.50
ASE	Lee Pharmaceutical	LPH	1.25	1.38	0.13	10.00	− 6	0.00	0.00	2.75	0.88
ASE	Leiner P. Nutrition	PLI	12.63	10.88	−1.75	−13.86	10	0.00	0.00	13.38	6.75
NYS	Lilly Eli Co.	LLY	76.13	79.63	3.50	4.60	19	2.00	2.51	90.38	65.63
NYS	Marion Merrell Dow	MKC	35.25	35.13	−0.13	− 0.35	19	0.92	2.62	39.63	23.00
NYS	Merck Co. (H)	MRK	117.63	120.88	3.25	2.76	25	2.24	1.85	122.88	72.38
NYS	Mylan Labs	MYL	24.13	23.88	−0.25	− 1.04	26	0.20	0.84	28.00	13.75
NYS	Par Pharmaceutical (L)	PRX	3.75	3.38	−0.38	−10.00	− 2	0.00	0.00	8.13	2.63
NYS	Pfizer Inc. (H)	PFE	56.88	58.38	1.50	2.64	24	1.32	2.26	59.38	31.25
NYS	Rhone-Poulenc Rorer (H)	RPR	82.25	82.25	0.00	0.00	168	0.88	1.07	84.38	56.75
NYS	Schering Plough (H)	SGP	50.88	53.50	2.63	5.16	20	1.32	2.47	53.75	40.38
NYS	Syntex Corp.	SYN	41.25	42.38	1.13	2.73	24	0.92	2.17	43.75	24.63
OTC	Taro-Vit Industries	TAROF	4.13	4.25	0.13	3.03	61	0.00	0.00	4.25	0.88
NYS	Upjohn Co.	UPJ	44.25	43.00	−1.25	− 2.82	17	1.16	2.70	49.25	33.00
NYS	Warner-Lambert	WLA	75.00	72.50	−2.50	− 3.33	19	1.76	2.43	82.25	56.50
OTC	Zenith Labs (H)	ZENL	9.50	11.00	1.50	15.79	15	0.00	0.00	11.00	4.25
Other retailer transactions											
NYS	Albertson's	ABS	45.50	45.25	−0.25	− 0.55	25	0.56	1.24	51.38	28.00
NYS	American Stores (H)	ASC	86.00	85.38	−0.63	− 0.73	15	1.12	1.31	92.38	42.63
NYS	Giant Food	GFS.A	28.75	28.88	0.13	0.43	14	0.64	2.22	31.25	21.13
NYS	Great Atlantic&Pacific Tea	GAP	44.00	47.00	3.00	6.82	12	0.80	1.70	58.63	37.75
NYS	Kmart (H)	KM	41.00	44.00	3.00	7.32	12	1.76	4.00	44.00	23.38
NYS	Kroger	KR	21.63	21.63	0.00	0.00	18	0.00	0.00	24.50	10.63
NYS	Melville Corp.	MES	49.00	48.50	−0.50	− 1.02	14	1.44	2.97	57.75	32.75
OTC	Fred Meyer	MEYR	17.00	16.75	−0.25	− 1.47	12	0.00	0.00	19.25	10.00
NYS	Penney, JC	JCP	53.00	56.25	3.25	6.13	14	2.64	4.69	68.00	37.38
NYS	Safeway	SWY	19.38	19.13	−0.25	− 1.29	19	0.00	0.00	21.63	10.25
NYS	Smith's Food & Drug	SFD	40.13	37.00	−3.13	− 7.79	26	0.36	0.97	43.75	24.75
NYS	Wal-Mart	WMT	40.75	41.38	0.63	1.53	35	0.16	0.39	44.25	24.88

NOTE: Arbor Drugs completed a 3-for-2 stock split.

Key: (H) = New annual high reached in the bi-weekly period. (L) = New annual low reached in the bi-weekly period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.

Source: Nordby International, Inc., Boulder, Colorado (303) 449-0326.

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Beauty care is way to a woman's heart

Gallup '91

By Elizabeth Parks

The American female is a very desirable customer. As the person usually in charge of most household purchases, this is the consumer that most mass market stores target as their primary customer.

For four years now, *Drug Store News* has sponsored a national sample of beauty care use and shopping patterns among American women. The study is conducted for us by the Princeton, N.J.-based Gallup Organization.

This year's survey, which is based on a national projectable sample of 500 women, confirms that beauty care categories really are a popular way to a woman's heart.

Merchandised and advertised strategically, beauty care categories like fragrances, lipsticks and mascaras can lure a woman into a store, and once there, of course, she can be tempted into browsing and buying other types of merchandise.

This year Gallup found that, based on their incidence and frequency of use, there are three color cosmetics categories that especially deserve to be highlighted, via merchandising and advertising, in the cosmetics departments of all chain drug stores. These are face, lip and eye color cosmetics.

According to Gallup, eight out of every 10 American women over 18 use face color cosmetics (80 percent) and lip color (80 percent), while seven out of every 10 (69 percent) use some type of eye color product.

In comparison, nail color is currently only used by half the adult female population (51 percent), while nail treatment products are only used by a quarter of the population (25 percent), according to Gallup.

Not only do the face, lip and eye cosmetics segments have the highest population of users, they are also the segments with the highest incidence of use, Gallup discovered.

Eight of all 10 users apply either a face, lip or eye makeup at least once a day.

However, only one-third (35 percent) of all nail color users said they use a color polish "all the time," while 58 percent said they use polish "all or most of the time."

Possibly because very few women are ever entirely satisfied with the skin tones they inherit, 65 percent of all women use either a liquid base foundation, and/or a face powder with a blush.

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Color cosmetics: What 18- to 24-year-olds are using

Segment	Percentage of women 18-24 using in past four weeks
Lipsticks	76%
Mascara	74
Eye liner	72
Blush	68
Face powder	65
Eye shadow	61
Nail polish	59
Liquid foundation	55
Lip gloss	29
Nail treatments	22
Lip liners	21

*Based on all women in this age segment who have used these products during the past four weeks.

Source: *Drug Store News*/Gallup 1991 Consumer Survey.

Color cosmetics: What 25- to 34-year-olds are using

Segment	Percentage of women 25-34 using in past four weeks
Mascara	74%
Blush	71
Lipsticks	69
Eye shadow	64
Liquid foundation	61
Eye liner	54
Nail polish	53
Face powder	42
Nail treatments	27
Lip gloss	24
Lip liners	13

*Based on all women in this age segment who have used these products during the past four weeks.

Source: *Drug Store News*/Gallup 1991 Consumer Survey

Color cosmetics: What 35- to 49-year-olds are using

Segment	Percentage of women 35-49 using in past four weeks
Lipsticks	71%
Mascara	66
Blush	62
Eye shadow	59
Liquid foundation	51
Nail polish	49
Eye liner	47
Face powder	32
Nail treatments	26
Lip gloss	25
Lip liners	15

*Based on all women in this age segment who have used these products during the past four weeks.

Source: *Drug Store News*/Gallup 1991 Consumer Survey.

Beauty depts. need demographic tailoring

As competition for the beauty care customer escalates, drug stores have to rely on their marketing programs to make themselves visible and attractive to these sought-after consumers.

And in recent years, one strategy adopted by chain drug stores is to tailor their marketing programs to neighborhood stores and local demographics.

When it comes to beauty care products, for example, women of different demographic groups have different needs.

As the *Drug Store News*/Gallup Beauty care survey shows, most women aged 18 to 24 use mascaras (74 percent), but among women 50 and older, a much smaller number (25 percent) feel they need to use this particular type of beauty aid.

In fact, the only two beauty care products that are used by at least 80% of all women 50 and older are lipsticks and fragrances.

In stores located within older neighborhoods, therefore these would be the two best categories to advertise. They would help the stores reach the broadest base of neighborhood customers.

In college towns, however, or other neighborhoods where people under 25 congregate, mascaras, eye liners, blushes and face powders would also give the stores a broad reach, appealing as these categories do to at least two-thirds of all women 18 to 24.

Looked at from the point of view of what might have limited advertising appeal, Gallup makes it clear that lip glosses and lip liners aren't going to attract many women over 50 since just one out of every ten women this age uses these products. Likewise, in youthful neighborhoods, lip liners and nail treatments would also have limited appeal, since just two out of every ten women this age use these items.

> *Of course I buy all of my cosmetics and fragrances in a drug store! Drug stores know much more about those products than other stores. I buy everything with Revlon—always have and always will.*
>
> ***—Melba Snyder***

The cornerstone of makeup may be liquid foundations

There will be times when chains will want to advertise the full spectrum of cosmetic products: a summer promotion, for example, that offers a complete collection of colors for face, eyes, lips and nails.

In these circumstances, Gallup's findings suggest that in selecting a face make-up to advertise or display, a liquid foundation might be the best choice since foundations are used by 53 percent of all women.

To look closer at how chains can custom tailor their selection of face make-ups by age, Gallup discovered that liquid foundations are most popular with women 25-34. Women in this group account for 21 percent of the adult female population, for example, so one would expect that proportionately, they could account for 21 percent of all foundation purchases.

But Gallup found that women 25-34 had a higher proportion of foundation users than was expected: 24 percent not 21 percent. Gallup also found that 61 percent of women 25-34 do use the foundations.

But to show how usage patterns change, based on age grouping demographics, as women reach 50 and over, their interest in liquid foundations falls off slightly. Gallup found that while 39 percent of all American women are in this group, just 37 percent of all liquid foundation users are 50 or older. That's disproportionately less than was to be expected.

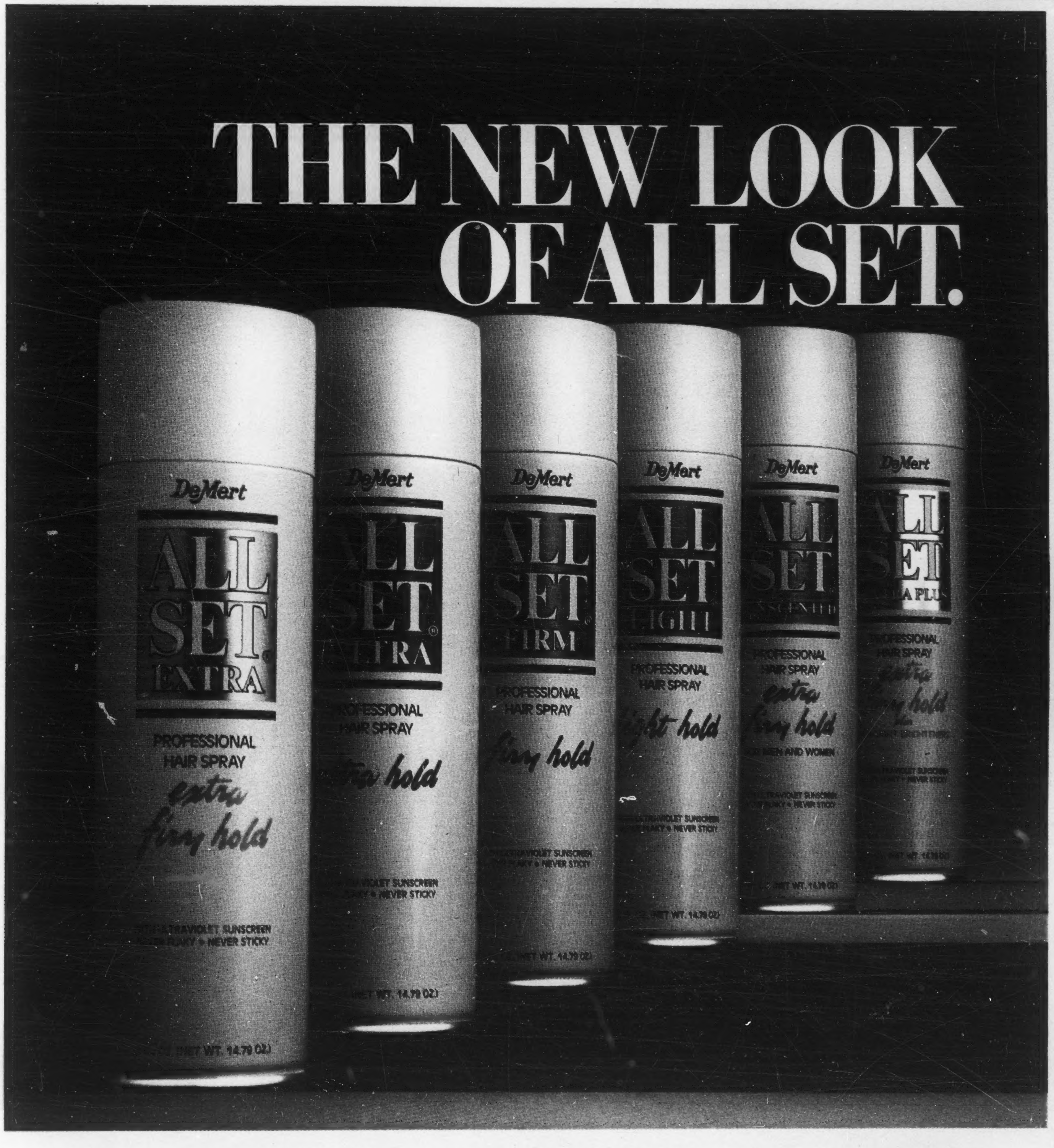
And, Gallup found that while six out of every 10 women 25-34 were using liquid foundations, just five out of every 10 women 50 and older were liquid foundation users.

Older women are also less inclined to use face powders. Gallup found that 37 percent of face powder users are women 50 and older, and 39 percent of women in this age range say they used a powder in the last

Continued on page 50

No, I don't buy them in a drug store. I usually buy them at a discount store, usually Target, because they're cheaper.

—Marsha Wycoff



New packaging. New advertising. New trade promotions.

New packaging gives All Set a more contemporary appeal. Consumer testing proves it attracts younger consumers.

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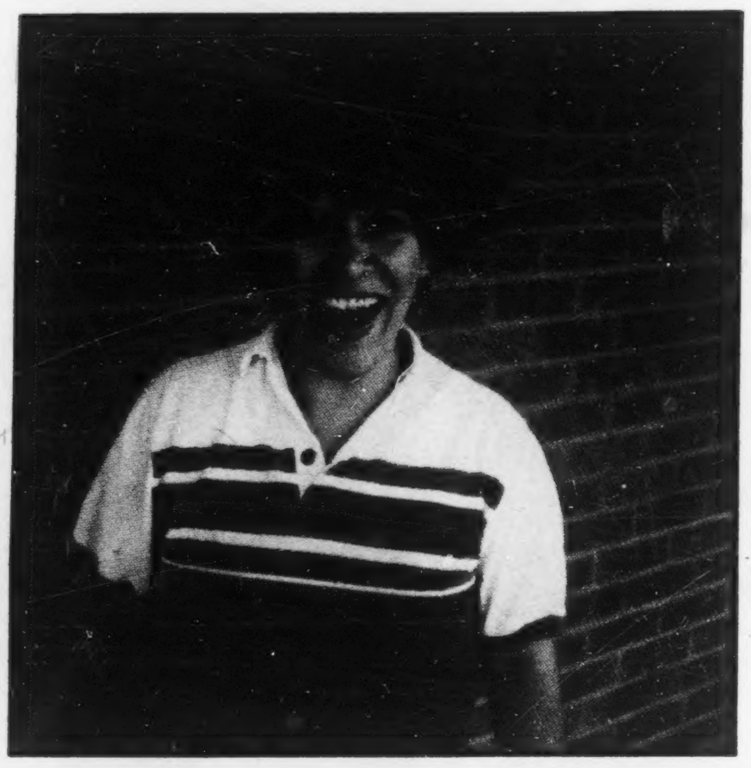


I always buy them at the drug store. I prefer this store because of its good service and because the people really know about the products. I prefer to buy things here because the people really care about you.

Carolina Robiez

Powders, foundations make up biggest audience

Continued from 48

four weeks.

In contrast, 65 percent of all 18-24 year olds had used a face powder in the past four weeks. And, although 18-24 year old females only account for 13 percent of the U.S. population, 21 percent of all face powder users are in this age segment.

Again, this is a much higher proportion of use than expected, knowing that only 13 percent of the American population is in this age group.

Color cosmetics: What women 50-and-older are using

	Percentage of women 50-and-older using in past four weeks
Lipsticks	81%
Nail polish	51
Liquid foundation	50
Blush	47
Face powder	39
Eye shadow	32
Mascara	25
Nail treatments	24
Eye liner	22
Lip liners	12
Lip gloss	11

*Based on all women in this age segment who have used these products during the past four weeks.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

So if a retailer is thinking of how to allocate space for cosmetics in stores in younger markets like college towns or near military bases, he or she should be giving extra space to face make-ups.

If the planograms are for stores in more mature neighborhoods, space for face make-ups can be compacted somewhat, according to these findings.

Blush

Because blush has a relatively long usage life, it is not a fast-turning category, usually turning slower than most other cosmetic segments.

However, blush will probably sell faster in stores in younger neighborhoods than in stores with more mature customers.

Many women 50 and older, for example, don't use a blush. Gallup found that only 47 percent of women this age use blush. And within the universe of all blush users, just 31 percent are in this age group. Two-thirds of all users, on the other hand, are 18 to 49.

Popular brands

Which brand of face powder do most women prefer?

Well, Cover Girl was by far the most popular brand in this year's survey, named by 21 percent of all women as their favorite face powder. It got twice as many votes as second place Clinique and three times as many as Mary Kay, Merle Norman and Estée Lauder.

However, its greatest strength was with women 25-34 where 30 percent named it as their favorite and with women 35 to 49, where 24 percent named it as their favorite.

If any retailers are creating a marketing campaign tailored to attract women in these age groups, Cover Girl face make-ups would be a perfect line to feature.

Color cosmetics: What women 18- to 24 are buying

Percentage of U.S. population aged 18-24	13%
Segment	% of users who are 18-24
Eye liner	23%
Lip liners	21
Face powder	21
Lip gloss	20
Mascara	19
Eye shadow	16
Nail polish	15
Blush	15
Lipsticks	14
Liquid foundation	14
Nail treatments	12

*Based on users who are in this age segment.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

I usually buy my cosmetics and fragrances at a department store. Usually, the drug stores don't carry the lines of products that I want in either area.

—Melinda Murphey

Cosmetic buyers report that merchandising pre-packs on islands in a department store environment stimulates impulse sales dramatically.

How often women use color cosmetics

(Percentage of product users in these age groups)

	All women	18-24	25-34	35-49	50 and older
Once a day or more Facial cosmetics	79%	87%	79%	74%	78%
Eye cosmetics	76	85	71	73	78
Lip cosmetics	79	79	76	79	81

*Based on women who have used these beauty products during in the past four weeks.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

80% of all American women use lip cosmetics

Lip color is another cosmetic category that reaches almost all women in America. Eight out of 10 women use some lip color, and 74 percent use lipsticks in particular.

Lipsticks also have to be applied several times a day to stay fresh, so they tend to have higher turns and use-up rates than other cosmetic segments. Indeed, 79 percent of all lipstick users said they used that product at least once a day. The heaviest users, surprisingly are older women. Thirty-nine percent of the American population is 50 or older, but Gallup found that 42 percent of all lipstick users are in that age group.

Another statistical confirmation: 81 percent of the women 50 and older had used lipsticks in the past four weeks. In contrast, Gallup found that 69 percent of all women aged 25 to 34 had used a lipstick in the past four weeks.

Lip gloss, on the other hand, is not very important to older women. But it certainly appeals to younger women, and consequently almost begs to be part of a back-to-school advertising special or promotion. Gallup found that 20 percent of all lip gloss users were 18 to 24, especially significant because women in this age segment only account for 13 percent of the adult female population.

Gallup discovered that 29 percent of all the women 18 to 24 in the survey had used a lip gloss in the past four weeks, compared with 11 percent of the 50-and-older set. And while women 50 and older account for 39 percent of the female population, only 22 percent of them were lip gloss users. This indicates that the majority of older women are indifferent to lip glosses.

Older women are less likely to use lip liners. Gallup found only 33 percent of liner users were 50 or older, and just 12 percent of all the women 50 and older in the survey said they had used a lip liner in the past four weeks.

Because the user base is small, (just four percent of all women use lip liners) it's not the best category to advertise to draw traffic, but in the right stores, sales would probably increase significantly if this category were given more visibility through off-shelf displays that would generate impulse sales.

Favorite brands of lipsticks

Brand	All women
Avon	11%
Revlon	11
Estée Lauder	9
Cover Girl	8
Clinique	8
Mary Kay	7
L'Oréal	5
Maybelline	5

*Based on women who have used a lipstick in the past four weeks.
Source: Drug Store News/Gallup 1991 Consumer Survey

Favorite brands

When it comes to picking popular brands to advertise, Revlon, Cover Girl, L'Oreal and Maybelline are the four strongest mass market lipstick brands. Indeed, 11 percent of all the lipstick users in the survey picked either Revlon or Avon as their favorite lipstick brand; both showed exceptional popularity with women 35 to 49, named by 14 percent and 18 percent, respectively.

Cover Girl lipstick was the most popular with women 25 to 34, named by 18 percent of all women in this age segment as their favorite brand. In comparison, just four percent of women in this age segment named Revlon as their favorite lipstick and just eight percent named Avon.

Like Cover Girl, L'Oreal's lipsticks were most popular with women 25 to 34, singled out by 12 percent as their favorite brand.

Seventy-nine percent of all lipstick users use that product at least once a day.

Favorite brands of mascaras

Brand	All women
Maybelline	30%
Cover Girl	11

*Based on women who have used a mascara in the past four weeks.
Source: Drug Store News/Gallup 1991 Consumer Survey.

Most American women use face, lip and eye color cosmetics; half use nail color

Segment	Percentage of women who use
Fragrances	84%
*All Facial Cosmetics	80
Liquid and/or powder/ and blush	65
Blush	58
Liquid foundations	53
Face powders	41
*All Lip Cosmetics	80
Lipsticks	74
Lip gloss	20
Lip liners	14
*All Eye Color Cosmetics	69
Mascaras	52
Eye shadows	49
Eye liners	41
*All Nail Polish	51
Colored nail polish	39
Sheer/no color polish	27
Nail treatments	25
Both sheer and color	15
Artificial nails	6

*Based on all women. All other segment percentages are based on women who use products in that segment.
Source: *Drug Store News*/Gallup 1991 Consumer Survey

REVLON
P R O D

According to Nielsen Marketing Research, sales for color cosmetics in chain drug stores were up 8 percent for 1990. Lip, face and nail were all strong for last year, and eye color is coming on hot for the first half of 1991.

Eye makeup sights should aim at 18-49 set

Eye color is the third most highly used color cosmetic category, according to Gallup. Two-thirds of all American women use eye color products. Half of all women are mascara and eye shadow users, and four out of 10 use liners.

Eye color, however, is not necessarily something to advertise to attract mature women 50 and older.

Gallup found that just 25 percent of all eye shadow users are women 50 and older and just 19 percent of mascara users are 50 and older.

These are products to advertise in beauty programs aimed at attracting younger women. Three out of 10 mascara and eye shadow users, for example, are women aged 25 to 49, and two out of 10 are 18 to 24.

Women aged 18 to 24 are also frequent users of eye cosmetics, with 85 percent of all women in this age segment reporting that they use an eye cosmetic at least once a day or more.

Favorite brands

Far and away, the American female's favorite eye brand is Maybelline. Thirty percent of all the women in Gallup's survey named Maybelline as their favorite eye color cosmetic.

Maybelline's share of votes was nearly three times greater than its closer rival, Cover Girl, cited by 11 percent. Avon came in third with eight percent mentions; Mary Kay, six percent; L'Oreal, five percent, and Revlon, four percent.

Maybelline was the strongest with consumers 25 to 34 (36 percent) and 18 to 24 (32 percent). Cover Girl went over the biggest with girls 18 to 24 (20 percent), and was the weakest (seven percent) with women 35-49. Avon had its greatest strength with women 35 to 49. Twelve percent of women this age chose Avon as their favorite mascara brand.

Revlon's mascaras were weak with women 18 to 34, but were the favorite of 10 percent of women 50 and older.

L'Oreal was also weak in popularity among women 18 to 24, like Revlon, picked by just two percent of these respondents as their favorite brand. But eight percent of women 25 to 34 picked L'Oreal as a favorite.

Maybelline's overwhelming popularity among all age segments, however, suggests that if retailers want to use mascaras to draw traffic, they can probably reach the broadest number of consumers across all age segments by featuring Maybelline.

However, if they want to add some special incentives to attract more women 25 to 49, they should also consider featuring Cover Girl and L'Oreal.

> *I buy everything somewhere else. I buy cosmetics and fragrances from Mary Kay. It's easier for me, because they come and bring it to the house.*
>
> **—Diane Kaus**

How often women use nail polish

(Percentage of product users in these age groups)

	All women	18-24	25-34	35-49	50 and older
All the time	35%	N/A*	26%	37%	44%
Most of the time	23	N/A*	26	34	13

*Base is too small to project.
Based on women who have used colored nail polish during in the past four weeks.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

Favorite brands of color nail polish

Brand	All women
Avon	17%
Revlon	13
Cover Girl	13

**Based on women who have used a color nail polish in the past four weeks.*
Source: Drug Store News/Gallup *1991 Consumer Survey.*

In nail cosmetics chains are wary of being clipped

Since half of all women use nail color products, this category also deserves special consideration for space and advertising allocations.

Half of all women (51 percent) use nail cosmetics. Fifty-eight percent of all users say they have used a nail color cosmetic either all of the time or most of the time. One quarter of all women use nail treatments to strengthen weak nails or condition long nails.

Basically, nail users tend to follow the demographic breakouts of the population as a whole. There are 39 percent of women 50 and older in the adult female population, and 39 percent of all nail polish users are women 50 and older. Half of all the women Gallup interviewed in this age segment said they used nail polish.

In comparison, women 18 to 24 account for 13 percent of the population, and 15 percent of all users are in this age group. Gallup found that 59 percent of all women 18 to 24 use nail polish.

Favorite brands

Among mass market brands, Revlon and Cover Girl were named most often as favorite brands by 13 percent of women polled.

However, retailers should be aware that direct cosmetic marketers like Avon are steadily building a franchise with nail polish users. A showy 17 percent of survey respondents named Avon as their favorite polish—led by 25 percent of women 50 and older.

Since these are the consumers who currently shop drug stores most often for cosmetics, there could be trouble ahead if this trend continues.

To get more shoppers 25 and older into their stores for polish, retailers would be best off advertising and promoting the Revlon, Cover Girl and L'Oreal polishes that have a strong franchise with customers in those groups.

(Look for our full report on fragrance, skin and bath usage in the June 24 edition of Drug Store News: The Gallup Report Part II.

> *I buy some products in a drug store, but usually I buy cosmetics in a department store. Drug stores don't carry the lines I use.*
>
> ***—Pat Morgan***

Where consumers shop most often for color cosmetics

(Percentage of purchasers who said they buy color cosmetics 'most often' in these trade classes)

	All shoppers	Shoppers aged: 18-24	25-34	35-49	50 and older
Regular drug stores	19%	26%	17%	18%	19%
Deep discount drug stores	23	11	28	21	24
Door-to-door	15	7	15	17	17
Discount stores	19	28	19	19	15
Department stores	11	14	10	11	12

*Based on women who have used color cosmetics and nail care products in the past four weeks.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

How often women shop drug stores for color cosmetics

(Demographic profile by age group)

Drug stores	Shoppers aged: 18-24	25-34	35-49	50 and older
All color cosmetic users	14%	22%	25%	38%
The "always" shopper	15	23	20	40
Sometimes shoppers	20	25	23	31
Rarely shoppers	9	18	33	39
Never shoppers	8	22	25	46

*Based on women who have used color cosmetics and nail care products in the past four weeks.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

Drug chains are winning in beauty sales derby

Gallup reports that more than four out of 10 cosmetic users currently buy their cosmetics "most often" in a drug store. Making up this total, 19 percent frequent a conventional drug store such as Walgreens or Eckerd, and 23 percent visit deep discounters such as Drug Emporium or F&M.

Gallup found that the strongest competition for cosmetic sales isn't coming from department stores, but from discounters such as Kmart and Wal-Mart (19 percent) and direct marketers Avon and Mary Kay (15 percent). Just 11 percent of women said they buy "most often" in department stores.

Indeed, Nielsen Marketing Research, which tracks the sales of cosmetics and beauty aids through mass channels, has consistently reported that discount chains are building a greater presence. Wall Street analysts who follow the cosmetic industry concur that department store share is declining.

Store without walls

Not only are discount stores as well as food/drug combination stores intensifying their merchandising and advertising programs for cosmetics, direct marketers such as Avon are also aggressively pursuing this customer.

Avon executives have told reporters that they view their company as a store without walls, and they have said they want to increase the volume of business they do in beauty aids.

Other direct marketers Mary Kay and Amway are also introducing new beauty care products and lines, and obviously pitching much more wholeheartedly for cosmetic and beauty aid sales.

Gallup's profile of where women shop "most often" for beauty care products shows that door-to-door companies, like deep discount drug stores, have been most successful in appealing to women 25 and older, and least successful in cultivating the 18 to 24 year old female shopper.

Just 7 percent of all 18 to 24 year old respondents, for example, said they bought their cosmetics "most often" from a door-to-door rep, and just 11 percent said they bought them "most often" in a deep discount drug store.

Continued on page 71

Why women buy color cosmetics in drug stores

Good/reasonable prices	43%
Convenient to home/office	41
Variety/brand selection	16

*Based on women who always or sometimes buy their color cosmetic products in either a conventional or deep discount drug store.
Source: *Drug Store News*/Gallup 1991 Consumer Survey

. . . or rarely or never do

Do not carry my brands	25%
Prices are too high	19

*Based on women who rarely or never buy their color cosmetic products in either conventional or deep discount drug store.
Source: *Drug Store News*/Gallup 1991 Consumer Survey

I buy mascara and eyeliners from the drug stores, but I buy the rest in department stores. I have really sensitive skin, so I usually have to use a special kind which the drug stores don't carry.

—Sophia Kastanos

I buy foundations, eye shadow, mascara and eye liner at the drug store, but I buy blush and lipstick at the department store. The department store has the quality I like and more colors. I like the convenience and low cost for buying at drug stores.

Melissa Schultz

Drug chains face stiff cosmetic competition

Continued from page 68

In comparison, more than twice as many women 35 and older—17 percent—and 15 percent of all women 25-34 said they bought their cosmetics "most often" from door-to-door reps, while 28 percent of all 25-34 respondents said they bought their cosmetics "most often" in a deep discount drug store.

The older women get, the more they use deep discounters: 24 percent of women 50 and older, and 21 percent of women 35-49, said they buy cosmetics most often at a deep discounter.

Taking conventional and deep discount drug stores as a single trade class, the age groups shopping drug stores "most often" for cosmetics were women 25-34 (45 percent) and women 50 and older (43 percent).

Gallup found that 25 percent of women who said they "rarely or never shopped drug stores" for color cosmetics complained that drug stores didn't carry their brands; another 19 percent said it was because prices are too high.

Color cosmetics: Where your sales are coming from

(What women 25 to 34 are buying)

% of U.S. population aged 25-34	21%
Segment	**% of users who are 25-34**
Mascara	30%
Eye liner	28
Eye shadow	28
Blush	26
Lip gloss	25
Liquid foundation	24
Nail treatments	23
Face powder	22
Nail polish	22
Lip liners	21
Lipsticks	19

*Based on users who are in this age segment.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

Three out of five women buying color cosmetics in a traditional drug store are 35 or older

Trade class	Shoppers aged:			
	18-24	25-34	35-49	50 and older
All color cosmetic users	14%	22%	25%	38%
Conventional drug stores	19	20	23	38
Deep discount drug stores	7	28	22	40
Door-to-door sales reps	7	22	28	42
Department stores	17	19	24	39

*Based on women who have used color cosmetics and nail care products in the past four weeks.
Source: *Drug Store News*/Gallup 1991 Consumer Survey

I buy cosmetics at the drug store, it's more convenient, closer than a department store. I go to the department store for foundation, powder, eye makeup and blush. The quality is there.

Lisa Rasmussen

Color cosmetic sales go into overdrive

So far, 1991 has been a good year for all the color cosmetic categories in chain drug stores. Buyers report first-half growth ranging from 3 to 4 percent to as much as 8 to 10 percent.

Chains with "dedicated" cosmetic programs—with upper management authorizing the advertising and merchandising, and giving ample human resources—are experiencing the greatest growth.

The category's performance is especially impressive because it's coming on top of a strong prior year. Nielsen Marketing Research reports that for 1990, the color cosmetics category in chain drug stores was up 8 percent to $964 million.

According to Nielsen, chain drug stores maintain the dominant share of mass market color cosmetic sales. In 1990, chain drug stores had a 51 percent share, while food and mass merchandise operators held 19 percent and 20 percent shares, respectively.

Independent drug stores generated 10 percent of color cosmetic sales. According to Nielsen, color cosmetic sales in independent drug stores declined last year by almost 7 percent, to $177 million. The share breakouts and sales decline suggest that independent drug stores, manned as they often are by pharmacists, are still not giving the front end, particularly cosmetics, the attention it needs to flourish.

Lip and face cosmetics both advanced 11 percent at chain drug stores in 1990, reported Nielsen, and led color growth overall. Nail was also strong, up 9 percent for the year, while eye cosmetics were up a modest 2 percent.

For the first half of 1991 similar trends are evolving, with two differences: eye color cosmetic sales are climbing, and nail, while strong at many chains, is slowing down in some areas.

Merchants interviewed by *Drug Store News* made it absolutely clear that lip and face cosmetics continue to do exceptionally well this year. In some chains if eye cosmetics are doing well, nail sales are weaker; at other chains, the opposite is true. In most chains, cosmetic organizers and accessories are selling exceptionally well.

In Seattle, for instance, Colleen Pierce, who supervises the cosmetics merchandising program at 36-store Bartell Drug, said her two strongest growth categories year-to-date are eye and lip color, up about 10 percent, with face makeups close behind.

In New York, Janice Jacobs, cosmetics buyer for Austin Drug, reported more moderate total category growth of approximately 4 percent; in her chain, face, nail and lip have been strong while eye cosmetics has been relatively soft.

Stephanie Hayter, cosmetics buyer for Genovese Drug, reports 8 percent color cosmetics growth. She cited the hottest trend she's seen this year—the matte look.

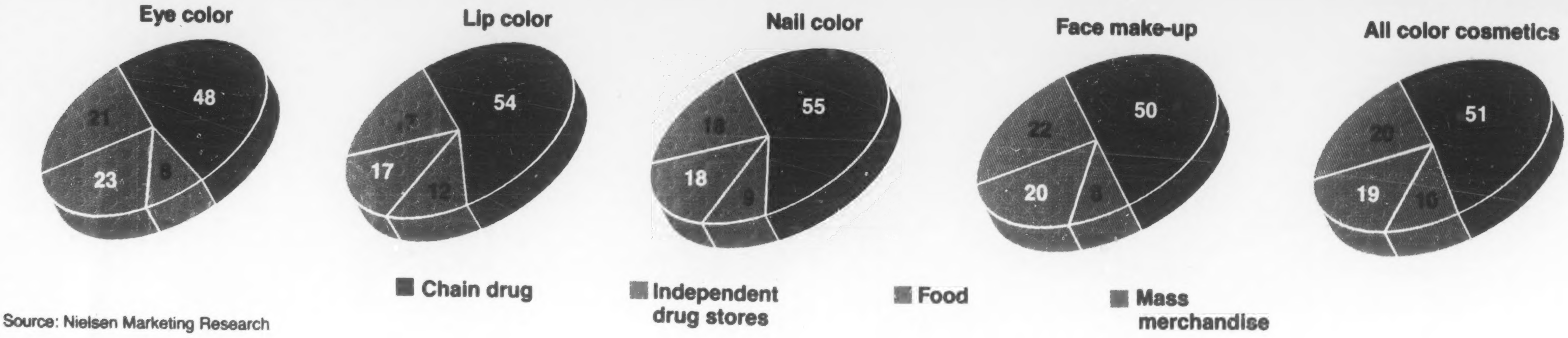
An influx of new products has helped propel cosmetic sales in chain drug stores, and made it more important than ever to have trained sales people in the store to answer customer questions.

Color cosmetic sales in chain drug stores
(in millions)

Trade classes	1989	1990
Eye make-up	$236	$240
Lip make-up	220	245
Nail color	137	149
Face make-up	297	330
All color cosmetics	890	964

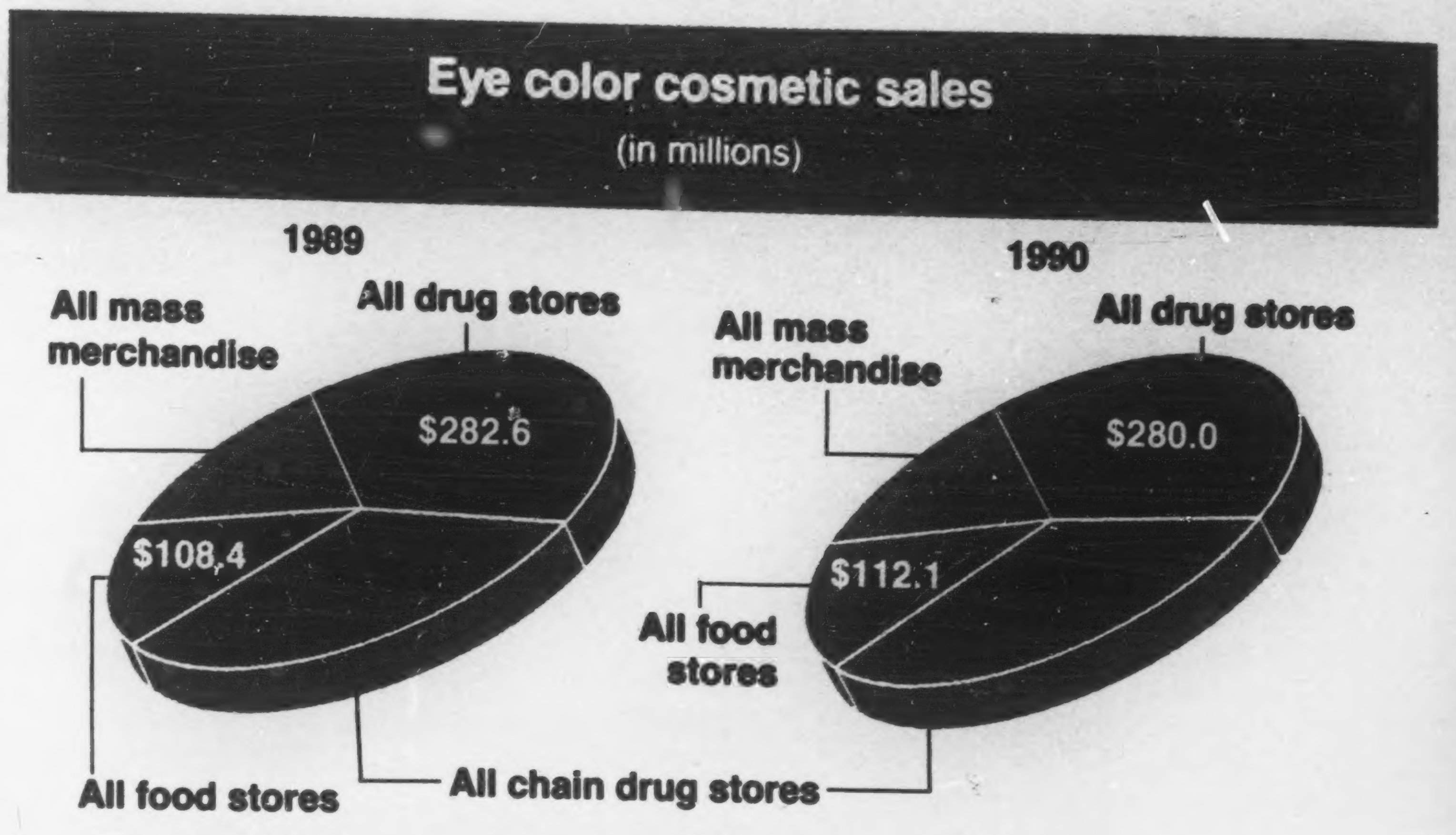
Source: Nielsen Marketing Research.

Color cosmetic sales by trade class
(Percentage share, 1990)



Source: Nielsen Marketing Research

Eye cosmetics get big push from new products


Eye color cosmetic sales
(in millions)

Source: Nielsen Marketing Research.

Perhaps the best new item to emerge in eye cosmetics this year is L'Oreal's new Plenitude Eye Defense. Buyers and merchandisers such as Bartell's Colleen Pierce reported it is "blowing out the doors;" some sources said it may wind up as the best cosmetics launch for the year.

"We put it in both cosmetics and toiletries, and it's really blowing out the doors," said Pierce, who also calls Eye Defense "the best treatment product I've seen in a long time." One store moved 60 pieces in two weeks, she said.

"Eye Defense is phenomenal," said Austin's Janice Jacobs. "We can't keep it in stock."

"When store managers start noticing an item and calling in to reorder it, you know it's good," said Genovese's Stephanie Hayter, who reported that she's had managers call up and order 60 to 75 pieces of Eye Defense.

Revlon's new packaging for its eye care lines has been well received by consumers, most chains reported.

In Seattle, Bartell sold out within a few weeks of the first shipment. The chain is back in stock now, and Pierce said everything in the line is still selling well, and the quad- and single-pan shadows are doing exceptionally well.

"When they first shipped, we had the quads for two days and they were gone," she said.

Eye shadow is one of those categories getting mixed reviews.

Differences of opinion

Some chains reported "nothing very exciting happening," while others said the Revlon and Cover Girl shadows were doing particularly well. Revlon's quad shadows received the most favorable mentions. Its single shadows and the Cover Girl single shadows were both mentioned as selling well.

Some buyers really liked the new Visual Eyes singles from Max Factor. One source said the packaging was excelling because the color really stood out.

In mascaras, Max Factor's 2000 Calorie is still doing well. L'Oreal's Splash Out is selling very strong, and since it's a waterproof mascara, most buyers expect it to continue to do well throughout the summer.

Many buyers reported that the new waterproofs are particularly hot right now, and they feel the category will remain strong at least through the summer.

Max Factor's Splish Splash was selling "OK" for most chains, while some chains were reporting growing movement on Almay's new waterproof mascara line.

Most chains reported that L'Oreal's Lash Out is still their number one mascara, but there's a lot of competition out there now, and that has caused Lash Out's sales to soften in some chains.

Max Factor's 2000 Calorie mascara is still "picking up tremendous momentum," as one buyer put it. Almay's mascaras are doing well.

Price-point promotion

This year, L'Oreal and Almay are doing price-point promotions that are making the mascara category even more dynamic. Austin Drug took the tower displays that both companies provided and gave them alternative locations in areas like the pharmacy department, and Jacobs reported that sales were "phenomenal."

She said they tested some 300 to 400 pieces of Almay mascaras in one store and they sold through 50 percent in two weeks. But, she also noted, the test store enjoyed particularly high volume in pharmacy.

Having Lash Out at a $2.99 price point when it normally sells for $4.19 and Almay mascaras also at a discounted price really "spurred business," Jacobs reported.

In some chains, buyers said that all the promotional activity for Lash Out was slowing their wall business somewhat. However, they also reported that the Lash Out pre-packs were blowing out, so the wall situation was understandable.

Revlon's new low-end mascara line, Impulse, is doing real well, and without cannibalizing sales from the higher-end Revlon mascaras.

"We merchandise Impulse uncarded and it's really selling well," Jacobs said. "The $3.95 price point helps.

"But we're still selling the higher-end lines like Super Lustrous. There's no negative reflection on the higher-end lines because of the price points. The people who use higher-end lines aren't trading down. Impulse has just helped us get a new kind of customer into our stores; new prospects."

"A lot of people like the Revlon impulse mascaras," said Genovese's Stephanie Hayter. "They all seem to be selling, and I'm not seeing any effect on the Revlon higher-end mascaras because of their success."

Bartell Drug has helped stir up interest in eye color by advertising lines like Impulse three or four times a year, Pierce said.

Static eye color sales

With all the activity going on in eye color, Maybelline's sales have basically been static. Most cosmetic buyers reported that Maybelline's eye color cosmetics are not showing dramatic growth, nor are they declining. Sales, buyers noted, are basically stable. One buyer said that while Maybelline has brought out some good new items recently, it hasn't done a lot to call attention to them.

In the past, eye pencils were a consistently good growth area, but this year a few chains reported that their sales of eye pencils have slowed down somewhat. Whether that's a trend or an aberration isn't clear yet.

Some buyers said the eye lash category was "picking up."

"Lashes have always been a small but steady base, with some women confirmed users, but now it's growing and I can't say I know who's buying them or why," said Jacobs.

Ardell is the brand that sells best in most chains, buyers said. At Halloween, several buyers added that they did very well with an Ardell seasonal promotion that also included colored hair sprays, nail tips and eye lashes.

> 'L'Oreal's Plenitude Eye Defense is phenomenal,' said Austin's Janice Jacobs. 'We can't keep it in stock.'

> Austin Drug took mascara tower displays to alternative locations like near the pharmacy and saw phenomenal sales.

Fragrance sales continue to grow

Trade classes	1989	1990
All drug stores	$391.1	$393.1
All chain drug stores	314.5	321.7
All food stores	113.2	115.9
All mass merchandise	144.1	152.8

Source: Nielsen Marketing Research.

Trade classes	1989	1990
All drug stores	$671.5	$715.3
All chain drug stores	534.2	576.7
All mass merchandise	83.0	96.6

Source: Nielsen Marketing Research.

Trade classes	1989	1990
Women's fragrances	$534	$577
Men's fragrances	315	322
All fragrances	849	899

Source: Nielsen Marketing Research.

Ethnic makeup's doing well across the board

Shades of You, Maybelline's new darker complexion line for ethnic consumers, is doing very well for the short time it's been out.

At Bartell Drug in Seattle, Colleen Pierce said Shades of You is selling extremely well, and not just in ethnic neighborhood stores. She said that Caucasians are buying a lot of Shades of You too, and she has the line in two stores that are located in upper-income white neighborhoods.

"I'm real pleased with Shades of You," she said. "Everybody's buying it—Caucasians, Asians, everyone.

"The cream makeup and the fluid are definitely better in ethnic neighborhood stores, but the lip and blush can be used by anybody."

Its own complete line

To reinforce the impression that Shades of You is a complete line in its own right, separate from the Maybelline lines, Bartell has followed Maybelline's recommendations and is merchandising Shades of You away from the traditional Maybelline family.

In the eight stores that now stock the line, it is adjacent to Coty and Bonne Bell, and it's presented as its own "all-around line."

So far, the strongest launch in face cosmetics this year seems to be L'Oreal's new Hydra Perfecte, which has treatment benefits in the formula.

Hydra Perfecte, like Eye Defense, was consistently named as a hot seller. Some chains reported that two to three weeks after stores received the initial shipment, they were reordering.

"Hydra Perfecte is a take-off of Lancomb," explained Janice Jacobs, Austin Drug's cosmetics buyer. "The concept is treatment with makeup, and it's done very, very well for us."

Other sources described Hydra-Perfecte as "great."

Sitting there

Revlon's new Spring Water Makeup got mixed reviews. Some chains said it was just "sitting there" with nothing dramatic happening, while some buyers said it was doing either OK or very well for them.

However, Revlon's New Complexion Makeup is continuing to do very well, according to the buyers interviewed.

Cover Girl's face makeups are continuing to be strong, steady sellers, but no one reported anything dramatically new or exciting here.

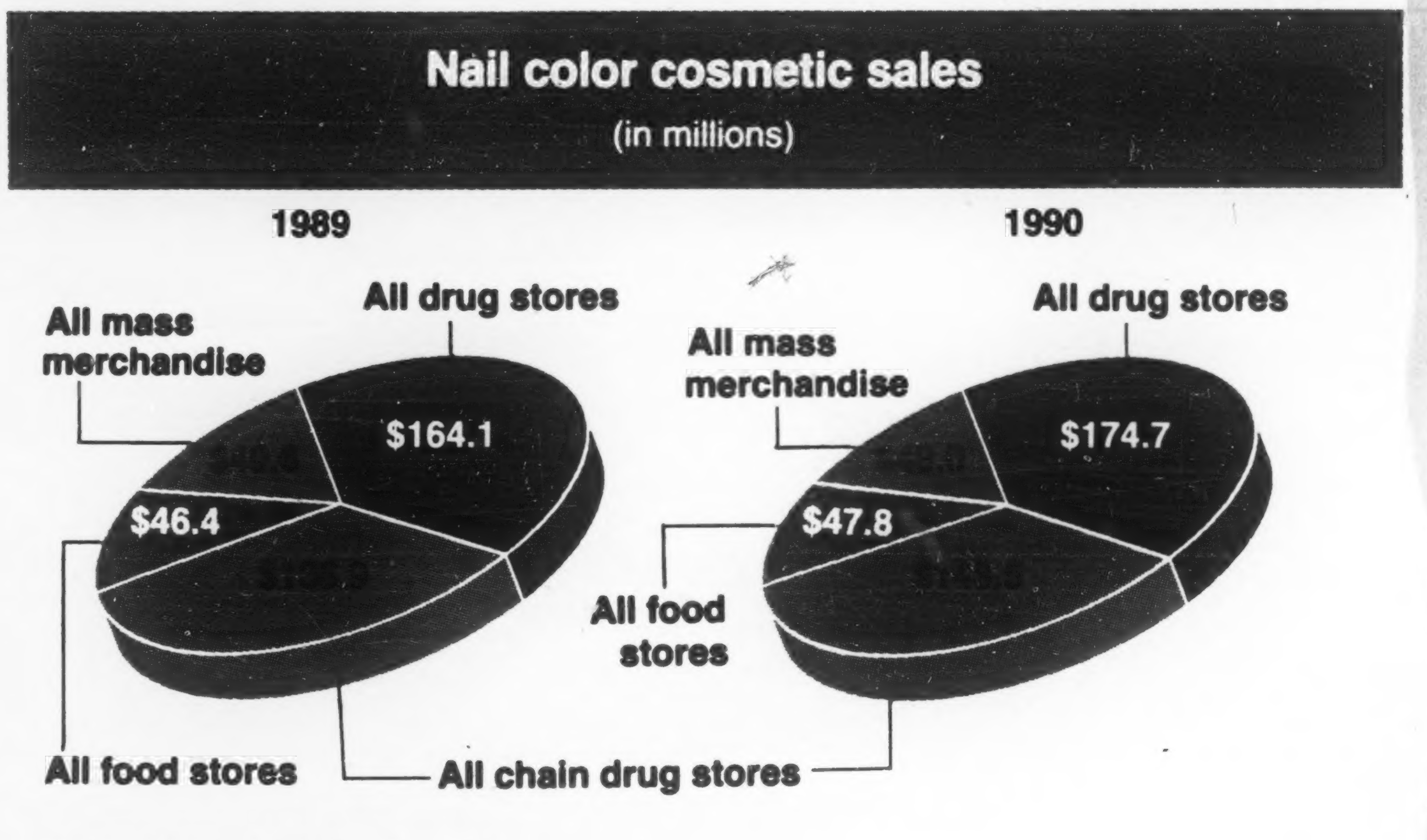
In some chains, buyers reported a slowing down of Almay face and skin care sales, a problem that one source attributed primarily to problems with the Almay sales force. The coverage, she said, was poor, and no one was coming in to reorder, so they were losing sales opportunities.

Other sources said their Almay sales remain good; "a strong basic, everyday business," as one source put it.

Physicians Formula seems to be getting stronger, a fact one buyer attributed to the development of "a pretty strong sales force." Most buyers who carry the line said it was doing very well for them, particularly with the treatment and face makeups.

Bartell's Pierce reported that the sales force in the Seattle market was giving a lot of push to Physicians Formula, and that their detailing of doctors and dermatologists was excellent.

Many buyers also said they were doing "great" with Max Factor's New Definition Makeups: the foundations, blush, and other components of the line like the eye and lip makeups.


Nail color cosmetic sales
(in millions)

Source: Nielsen Marketing Research.

The natural look dominates in lip cosmetics category

In lip cosmetics, the natural look still seems to be dictating color selections. Several buyers said that they see their customers "changing over from strong, vivid colors to a more neutral, natural look."

Every buyer interviewed said that lipsticks formulated to provide "longer, truer coverage" like Colour Supreme and Velvet Touch were all doing well.

Max Factor's New Definition lipsticks were also consistently mentioned as top sellers.

At Bartell, both lip treatment and lip color products are showing good growth; buyer Colleen Pierce estimated that total category sales may be up as much as 10 percent.

Revlon's sheer colors in the Velvet Touch line are doing exceptionally well, as are L'Oreal's Colour Supreme and the Max Factor New Definition lipsticks.

The matte shades in Velvet Touch and Colour Supreme have done well, and now new frost shades are being added to round out the line.

Although many buyers said that matte will always be a bigger category because the subtler shades seem to appeal to a broader base of consumers, they added that there will "always be a market for frost colors too," so the general expectation is that these newer collections will do reasonably well.

"We've been missing the consumer who is a frost user, and now we're going to correct that," said one source.

Cover Girl has also just repackaged its lip color; at press time, it was just getting into the stores.

The general consensus among buyers was that the package was "real nice and compact," and that with the Cover Girl advertising clout behind it, it should do real well.

Some buyers said they wish Noxell would relent and give them markdown allowances on the old packages, but they said the position of Noxell's management is that the line is so strong the old packaging will sell itself out.

Bonne Bell has also repackaged its lipsticks, and reports are that this relaunch is also doing very well. Its Lip Smackers are hot, and it has a new roll-on gloss and a new matte that looks promising.

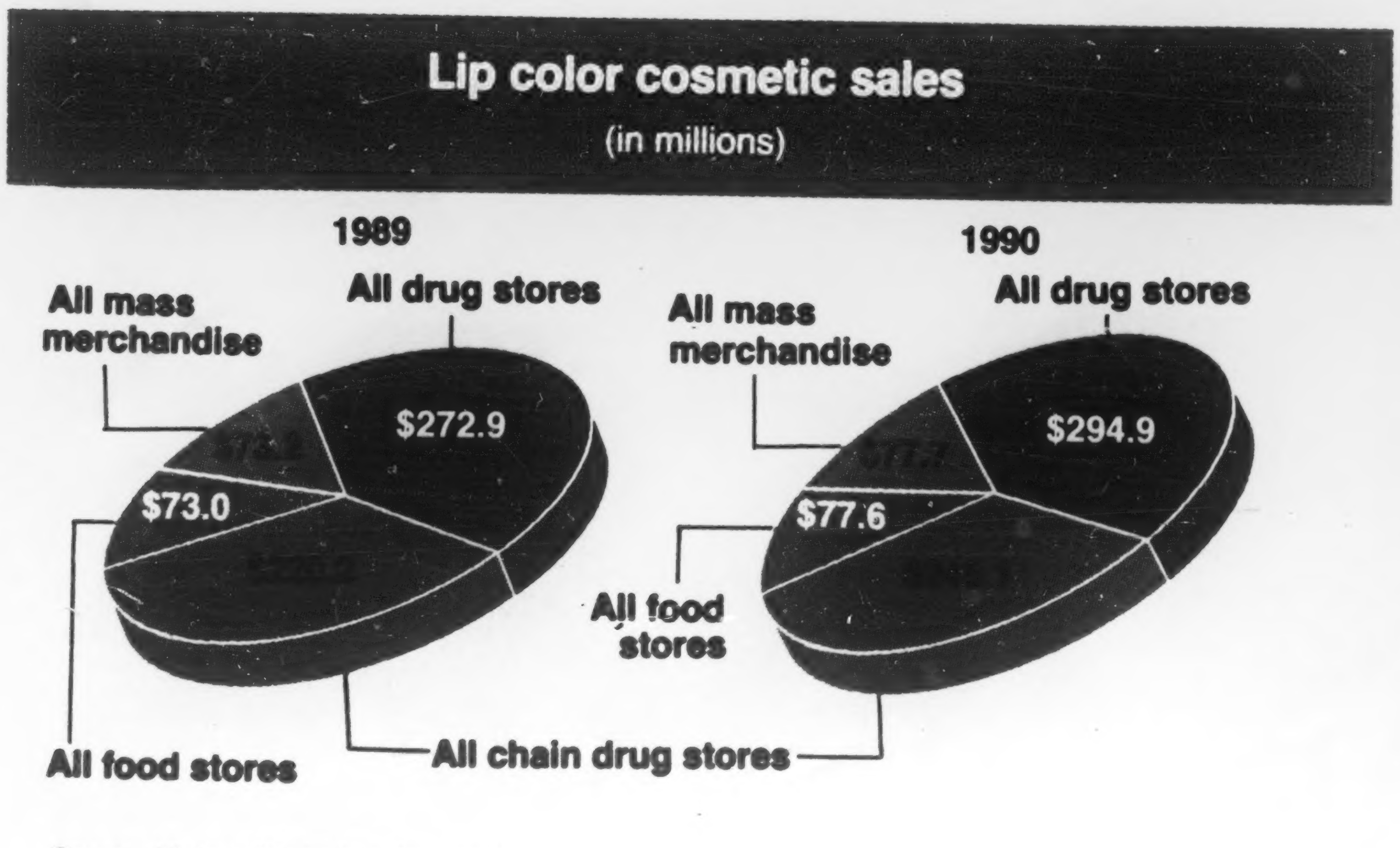
Some sources reported that the uncarded Bonne Bell lipsticks are moving much faster than the carded ones. This is from some chains that switched from the carded to the uncarded packages in the last few months.

Del Labs pre-packs of Natural Glow lip glosses have also sold well, according to buyers for the chains that have them.

Some buyers also singled out the Maybelline Shades of You lipsticks and said they also were selling very well; in some stores, they were actually outselling the Shades of You makeups.

Cover Girl's Lip Advance is also continuing to maintain "strong, steady movement," buyers reported.

> At Bartell, buyer Colleen Pierce estimated that total lip category sales may be up as much as 10 percent.


Lip color cosmetic sales
(in millions)

Source: Nielsen Marketing Research.

Strong organizer sales spur creative merchandising

The cosmetics organizer category continues to be one of the strongest growth segments in chain drug stores.

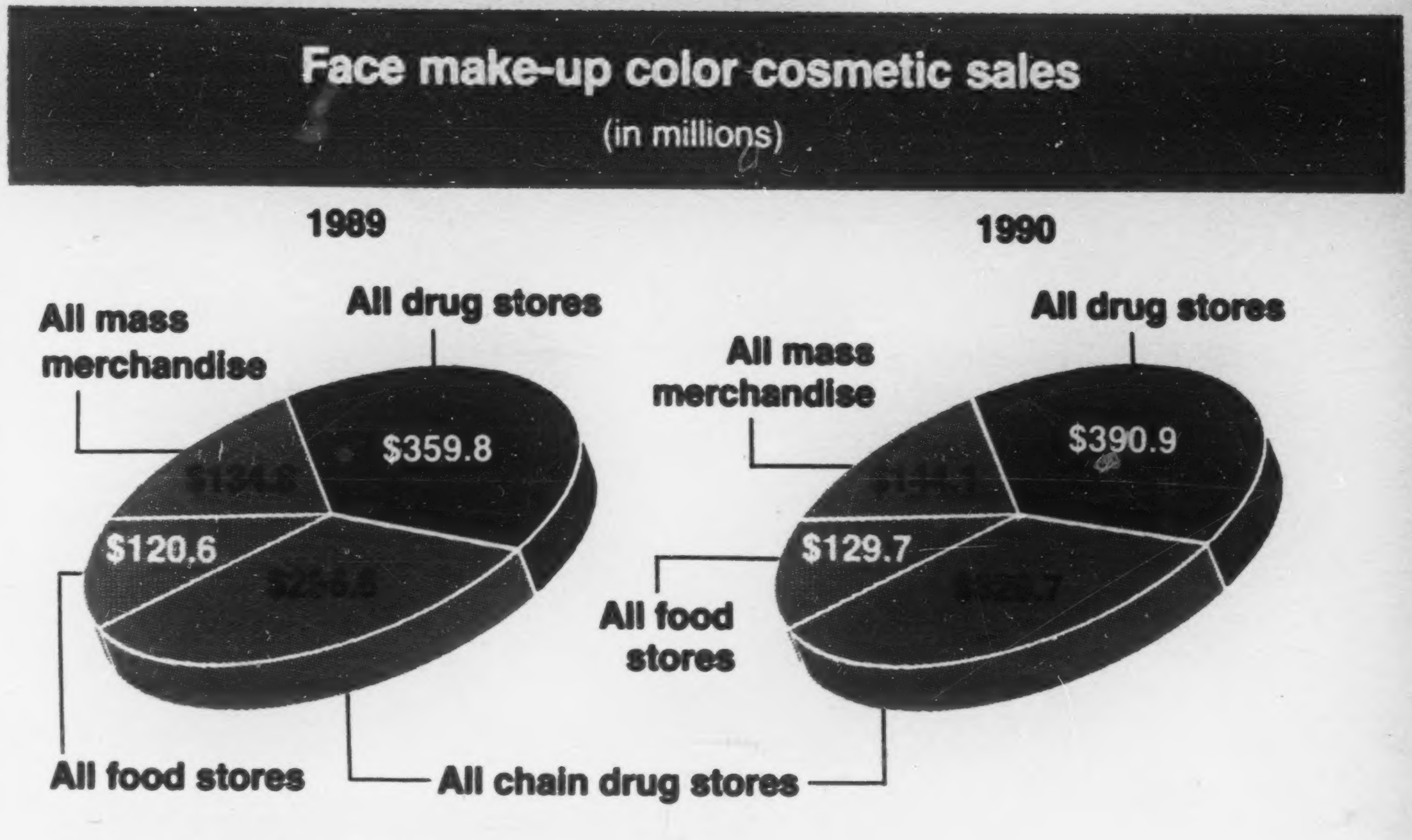
Some chains like Austin Drug, Snyder Brothers and Drug Emporium have tried to be very creative in merchandising accessories, often creating departments as large as 12 to 16 ft. for the category.

Austin, for example, merchandises its accessories on glass shelves to create a department-store effect. Bath items are also in this set, but the large cosmetic organizers from Caboodles or Sassaby's can't be merchandised here because they're too heavy.

Fragranced home accessories like L'Effleur or Claire Burke are also often in this set, where chains like Austin and Drug Emporium report good sales. L'Effleur, in particular, has been a stand-out launch.

All the buyers polled said that L'Effleur was selling great, and some attributed that to the Victorian packaging which is very appealing to women. Others also reported the fragrance was excellent, and some said part of the success was due to the line's "reasonable prices."

Some chains like Austin Drug, Snyder Brothers and Drug Emporium have tried to be very creative in merchandising accessories.



Source: Nielsen Marketing Research.

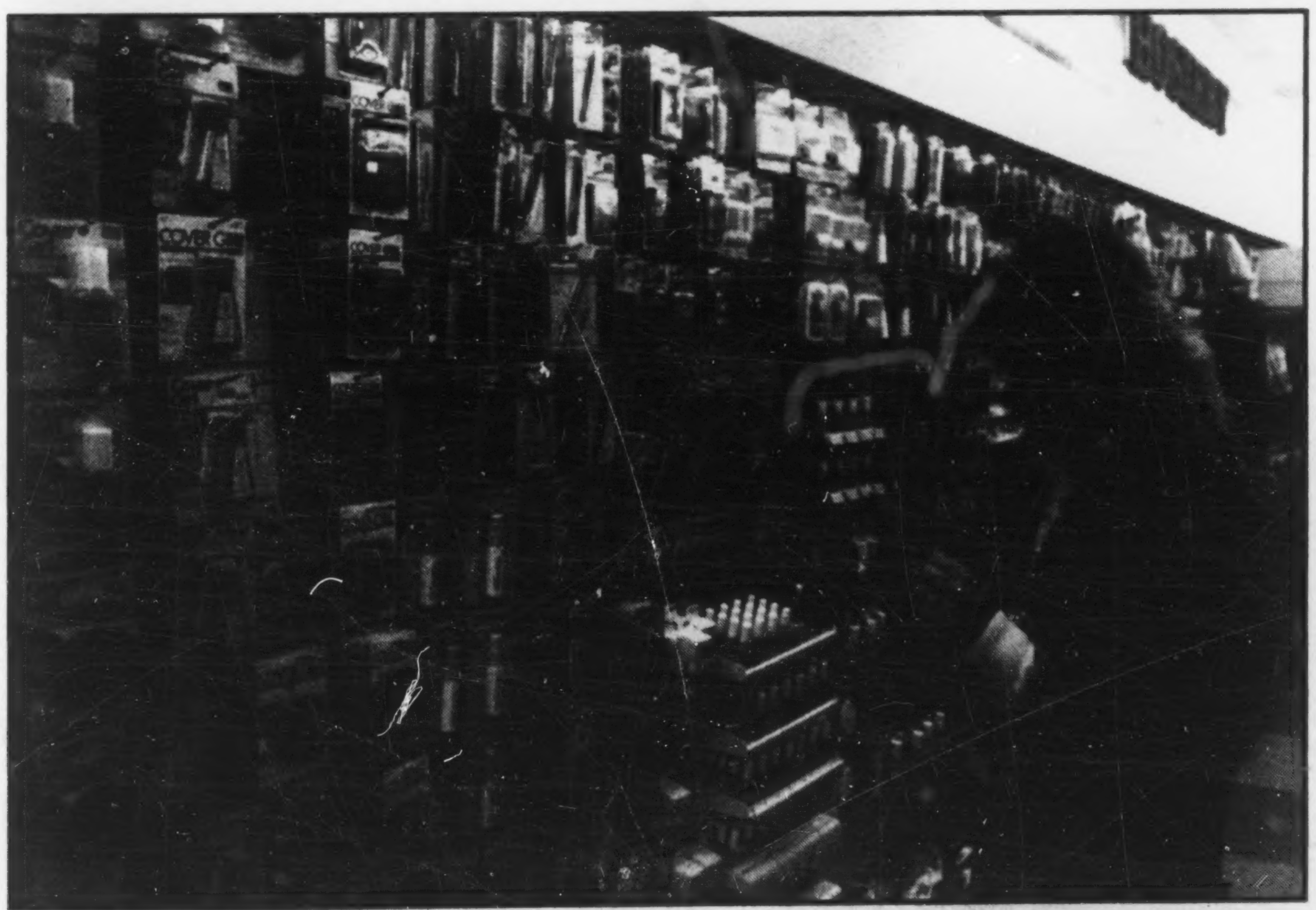
Organizers expanding

Caboodles is also a very hot line. It did well at Christmas for every chain interviewed, and many buyers are starting to expand their cosmetics organizer assortments by bringing in all or parts of the new Sassaby's line.

Caboodles doesn't offer the smaller jewelry boxes that Sassaby's stocks, so some buyers are experimenting with Sassaby's by cherry-picking pieces of its line, like the jewelry boxes.

Space is a problem with the organizers because they're so bulky. However, buyers with small stores in the 6,000-to-8,000-sq.-ft. vicinity are finding homes for organizers either on ends or in line in the cosmetics accessory department near cosmetic bags and other accessories like vanity trays, mirrors, brush holders, etc.

Some chains with stores averaging 12,000 to 15,000 sq. ft. and more are creating more expanded sets for organizers as a category inside accessories.



Space is a problem with the organizers because they're bulky. Buyers with small stores find homes for organizers either on ends or in the cosmetics accessory department.

Prestige Place by Celebrity; Paris Presents travel-size containers, vanities, etc.; and Trina cosmetics accessories were frequently mentioned as strong growth lines in accessories.

One buyer said that in recent months, perhaps because there have been some corporate changes at Trina, their bags have gotten "even better."

At Genovese Drug, Stephanie Hayter reported that the Paris Presents accessory lines are doing very well.

"Their mirrors, brush kits, etc. fill a niche no one else is filling," she said.

She credited Paris Presents with starting the travel accessory category, and said that the new High Tech accessories are doing very well. Her customers like the look well enough to spend $1.69 for a soap dish.

Revlon's implement lines—nail-, hand- and foot-grooming implements—also do well, several buyers said. One source said the higher-ticket implements sold best when they're advertised.

Bartell Drug advertises Revlon implements at 50% off twice a year, and its sales really surge when consumers see the value of the promotion.

Dual merchandising

This year there are some new types of items out that give chains dual merchandising opportunities. Teeth whiteners, for example, could go in cosmetics or in dental or in both areas.

Most of the chains interviewed said they haven't created a "place" for tooth whiteners yet in cosmetics, but some said they were considering testing it in a cross aisle near cosmetics.

That location could be acceptable, Janice Jacobs at Austin explained, because many chains have their H&BA and cosmetic aisles very close together.

Conair also has a new item out, a sonar facial called California Facial. It's an appliance with a relatively high ticket, ranging between $79 and $99. Most of the buyers interviewed felt it really did belong in the appliance section.

"A customer is usually pre-sold on a product like that before they get to the store," said Jacobs. "It's not a high impulse purchase, so it wouldn't make sense to put it in cosmetics."

This year there are some new types of items out that give chains dual merchandising opportunities.